

The Energy, Minerals and Natural Resources Department (EMNRD) is tasked with certifying a taxpayers' eligibility and for promulgating rules governing procedures under HB 233. Moreover, HB 233 places a ceiling of 800 megawatt-hours for all "qualified Energy Generators" in any one year.

To claim the tax credit, the taxpayer must submit to TRD certification from EMNRD documenting the amount of electricity produced by the taxpayer's facility and any other documentation required by TRD. The tax credit may be deducted from a taxpayers New Mexico Corporate Income Tax liability for the taxable year or it can be carried forward for up to five years if the credit exceeds the their liability in any tax year.

FISCAL IMPLICATIONS

TRD's fiscal impact notes the following assumptions :

- the annual impacts for a single 40 megawatt facility;
- capital cost of the facility is assumed to be \$30 million, and equity financing is assumed to represent 50% of this capital;
- 40% availability factor, the facility would generate \$1.4 million in tax credits each year;
- corporate tax liability under the above assumptions would be limited to a few hundred thousand dollars per year.

The appropriation of \$100.0 to EMNRD contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 30 shall revert to the General Fund.

ADMINISTRATIVE IMPLICATIONS

TRD notes that the one-time appropriation of \$100.0 maybe inadequate for EMNRD.

TECHNICAL ISSUES

TRD notes that many corporations operate through a system of subsidiary firms. It is unclear whether the proposed measure is intended to prevent families of firms from receiving the credits. In other terms, language in the measure specifying "unrelated person" should be clarified.

SN/njw:ar